



FEDERAL RESERVE SYSTEM

[Docket No. 1530; RIN 7100 AE 44]

Regulation Q; Regulatory Capital Rules: Risk-based Capital Surcharges for Global Systemically Important Bank Holding Companies

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Notice.

SUMMARY: Under the rule of the Board regarding risk-based capital surcharges for global systemically important bank holding companies (GSIB surcharge rule), the Board is providing notice of the aggregate global indicator amounts for purposes of a calculation that is required under the GSIB surcharge rule for 2016.

DATES: Effective: [INSERT DATE OF FEDERAL REGISTER PUBLICATION].

FOR FURTHER INFORMATION CONTACT: Juan C. Climent, Manager, (202) 872-7526, or Holly Kirkpatrick, Supervisory Financial Analyst, (202) 452-2796, Division of Supervision and Regulation; or Mark Buresh, Senior Attorney, (202) 452-5270, or Mary Watkins, Attorney, (202) 452-3722, Legal Division. Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board's GSIB surcharge rule establishes a methodology to identify global systemically important bank holding companies in the United States (GSIBs) based on indicators that are correlated with systemic importance.¹ Under the GSIB surcharge rule, a firm must calculate its GSIB score using a specific

¹ See 12 CFR 217.402, 217.404.

formula (Method 1). Method 1 uses five equally weighted categories that are correlated with systemic importance – size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity – and subdivided into twelve systemic indicators. For each indicator, a firm divides its own measure of each systemic indicator by an aggregate global indicator amount. The firm's Method 1 score is the sum of its weighted systemic indicator scores expressed in basis points. The GSIB surcharge for the firm is then the higher of the GSIB surcharge determined under Method 1 and a second method that weights size, interconnectedness, cross-jurisdictional activity, complexity, and a measure of a firm's reliance on wholesale funding (instead of substitutability).²

The aggregate global indicator amounts used in the score calculation under Method 1 are based on data collected by the Basel Committee on Banking Supervision (BCBS). The BCBS amounts are determined based on the sum of the systemic indicator scores of the 75 largest U.S. and foreign banking organizations as measured by the BCBS, and any other banking organization that the BCBS includes in its sample total for that year. The BCBS publicly releases these values, denominated in euros, each year. Pursuant to the GSIB surcharge rule, the Board publishes the aggregate global indicator amounts each year as denominated in U.S. dollars using the euro-dollar exchange rate provided by the BCBS.³

² The second method (Method 2) uses similar inputs to those used in Method 1, but replaces the substitutability category with a measure of a firm's use of short-term wholesale funding. In addition, Method 2 is calibrated differently from Method 1.

³ 12 CFR 217.404(b)(1)(i)(B); 80 FR 49082, 49086-87 (August 14, 2015). See also 81 FR 1948 (January 14, 2016). The indicators provided by the BCBS were converted to U.S. dollars using a euro-dollar exchange rate of 1.0887, which was the daily euro

The aggregate global indicator amounts for purposes of the Method 1 score calculation for 2016 under § 217.404(b)(1)(i)(B) of the GSIB surcharge rule are:

Aggregate Global Indicator Amounts in U.S. dollars (USD) for 2016

Category	Systemic indicator	Aggregate Global Indicator Amount (in USD)
Size	Total exposures	79,320,039,989,625
Interconnectedness	Intra-financial system assets	8,816,910,460,396
	Intra-financial system liabilities	9,687,826,596,896
	Securities outstanding	13,608,077,367,510
Substitutability	Payments activity	2,463,117,556,410,060
	Assets under custody	139,725,689,815,229
	Underwritten transactions in debt and equity markets	6,479,589,781,461
Complexity	Notional amount of over-the-counter (OTC) derivatives	606,217,201,548,411
	Trading and available-for-sale (AFS) securities	3,543,254,277,404
	Level 3 assets	637,946,551,935
Cross-jurisdictional activity	Cross-jurisdictional claims	19,333,877,366,660
	Cross-jurisdictional liabilities	17,293,028,759,406

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-l, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371.

to U.S. dollar spot rate on December 31, 2015 as published by the European Central Bank (available at <http://www.ecb.europa.eu/stats/eurofxref/index.en.html>).

**By order of the Board of Governors of the Federal Reserve System, acting through the
Director of the Division of Supervision and Regulation under delegated authority,
December 22, 2016.**

Robert deV. Frierson,
Secretary of the Board

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